

Automation doesn't mean personalization ends

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This past year has been a boon for digitization in the auto finance industry. But some lenders are reticent about going all-in with digitization, concerned that automated processes might undermine their ability to offer personalized lending experiences.

From what I've seen working with dozens of auto lenders and hearing from the borrowers they serve, this couldn't be further from reality. In fact, automated workflows support more customized journeys and an improved customer experience.

Digital vs. human?

The fear that digitization will replace a human, nuanced approach to auto lending comes from a common misconception that digital is somehow at odds with a human-guided lending experience. After all, the thinking goes, there's a lot of variability among borrowers. Each situation is unique.

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Won't more digitization take away that strength? Won't it alienate prospective borrowers and lead to compliance lapses?

The reality is different. A [recent survey](#) found that an astounding 85 percent of consumers believe it is important to be able to complete an auto loan process purely online or remotely.

Perhaps this is because borrowers have seen that innovation can spur more individualized journeys. Far from removing the human touch, technology at its best empowers auto finance employees to serve customers better and more efficiently.

Ultimately, it increases the probability of borrowers completing the preapproval and stipulations submission process.

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Best processes to digitize

The auto finance companies I work with use digitization for a number of processes, both on the back and front ends. But to maximize the positive impact on borrowers while improving efficiency, auto lenders want to focus on parts of the process that customers can see and feel. Here are three examples:

- Digitize collection of income stipulations, known as "stips": During the stips collection process, the prospective borrower must submit many documents. But not all borrowers should need to produce the exact same documents. Conditional logic can be used to automatically request additional stips, or alternatively exempt borrowers from stips. In this way, the process is more tailored and compliant as well as efficient.
- Simplifying forms: Auto loan forms can be confusing, cumbersome and time-consuming for borrowers to fill out. Traditional forms tend to either contain too many questions that aren't relevant to individual borrowers, or not detailed enough where needed.

Relying on more dynamic digital forms allows loan officers to generate forms that are tailored to individual borrowers' unique financial situations. Fields can be set to only appear when a customer ticks a check box or selects a particular option from a drop-down menu, indicating that a specified condition is met.

By showing and hiding fields depending on the borrower's responses, customers are less likely to make errors, leave fields blanks or abandon the process.

Streamlining terms and conditions: Customer-centricity isn't usually a term associated with terms and conditions. But maybe it should be.

With greater automation, loan officers should no longer need to search for the right template for the particular loan terms, or read lengthy terms over the phone. Auto lenders can set up digital workflows to instantly generate terms and conditions based on the agreed terms, such as length of loan and monthly payments. These can be sent to a customer's cellphone for approval.

More efficient

As digitization grows in sophistication, it is increasingly used to complement — and improve upon — human-to-human interactions.

It's no longer about digital vs. human; it's about digital and human.

Correctly conceptualized, a digitally streamlined auto financing world also can mean a more human world where auto lenders are positioned to deliver better originations and servicing experiences to borrowers — with maximum efficiency.